

**KAUAI COUNTY HOUSING AGENCY
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
PROGRAM YEAR 2016**

FACT SHEET

Introduction

The Kauai County Housing Agency (KCHA) is accepting applications for funding by the Community Development Block Grant (CDBG) program. The U.S. Department of Housing and Urban Development (HUD) is making the grants available through the County's CDBG Program. **One (1) original of each application, including attachments, must be submitted no later than 4:00 p.m. on Friday, January 8, 2016.** Applications may be submitted in person or delivered; ***emailed applications will not be accepted.*** **IT IS THE RESPONSIBILITY OF THE APPLICANT TO ENSURE APPLICATION IS COMPLETE AND ALL ATTACHEMENTS ARE SUBMITTED.** Applications can be obtained from and submitted to:

Kauai County Housing Agency
Development Division
4444 Rice Street
Pi'ikoi Building-Suite 330
Lihue, HI 96766

Or via our website at <http://www.kauai.gov/Government/Departments-Agencies/Housing-Agency/Housing-Community-Development/Community-Development-Block-Grant-Program-CDBG>

Call Kerri Barros, CDBG Coordinator, at (808) 241-4435, or Sharon Graham, CDBG Specialist, at (808) 241-4427, between the hours of 8:30 a.m. to 4:00 p.m. on weekdays if you have questions.

CDBG PROGRAM

The CDBG program provides Kauai County and other local governments with the opportunity to develop viable communities by funding activities that provide decent housing, a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. Funds are awarded to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development and the provision of improved community facilities and services.

Funding The program is funded by the U.S. Department of Housing and Urban Development (HUD). The County expects to receive an estimated allocation of \$705,416 for FY 2016. The County will utilize \$144,110 for administration costs. \$576,440 will be available for projects.

Eligible Subrecipients

- Government agencies
- Private for-profit agencies
- Neighborhood-based non-profit agencies
- Small business investments

Primary CDBG Objectives The primary CDBG objective is the development of viable urban communities, which can be achieved by:

- Providing decent housing,
- Providing a suitable living environment, and
- Expanding economic opportunities.

National Objectives In order to be considered, projects must meet one of the three national objectives of the program. **Activities that do not meet one of the following three national objectives cannot be undertaken with CDBG funds:**

1. Directly benefit low and moderate income persons. (24 CFR 570.208 (a))

For a project to meet the first national objective of benefiting low and moderate income persons, it must either have income eligibility requirements that limit the benefits of that project to low and moderate income persons, require information on family or household size and income so that it is evident that at least 51% of the beneficiaries are persons whose family or household income does not exceed the low and moderate income limit, or the project must be located in a neighborhood or serve an area that is predominantly inhabited by residents who are persons of low and moderate income.

Please contact CDBG staff to determine whether your project qualifies as a low- and moderate-benefit area

Under the regulations for the CDBG program, facilities that serve the elderly, adults with disabilities, abused children, illiterate adults, migrant farm workers, battered spouses, homeless persons, or persons with HIV/AIDS are usually considered to benefit low and moderate income persons.

Data on family or household size and income of each person in the family or household is required to verify that the percentage of low and moderate income beneficiaries is at least 51%. Generally, eligibility for public services, public facilities, and economic development projects is based on family income. Eligibility for housing projects is based on household income. HUD defines "family" versus "household" as follows:

- | | |
|------------|---|
| Family: | All persons living in the same household who are related by birth, marriage or adoption. |
| Household: | All persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements. |

The income of every individual, including children, in the family or household must be included in determining the total annual income. **All income information must be verified with documentation kept on file. (Refer to attached "Verification of Income & Assets" policy.)** In addition to the description of income inclusions below, refer to 24 CFR 5.609 for income inclusions and exclusions.

INCOME INCLUSIONS

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from the operation of a business or profession. Expenditures for business

expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;

(3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of 24 CFR §5.609. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;

(4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of 24 CFR §5.609);

(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of 24 CFR §5.609);

(6) Welfare assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

- (i) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
- (ii) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under paragraph (b)(6)(ii) of 24 CFR §5.609 shall be the amount resulting from one application of the percentage;

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of 24 CFR §5.609).

The following income limits have been established by HUD for Kauai County.

HUD INCOME LIMITS Effective 03/06/2015

Family or Household Size	Low/Moderate Income Limits
1	\$ 48,300
2	\$ 55,200
3	\$ 62,100
4	\$ 69,000
5	\$ 74,550
6	\$ 80,050
7	\$ 85,600
8	\$ 91,100

2. Aid in the prevention or elimination of slums or blight. (24 CFR 570.208 (b))

For a project to meet the second objective of prevention or elimination of slums or blight, it must be designed to address the conditions causing the slum and blight.

3. Meet community development needs having a particular urgency (referred to as urgent need). (24 CFR 570.208 (c))

The use of this third objective category is extremely rare. It is designed only for activities that alleviate emergency conditions. Urgent need activities must meet the following qualifying criteria:

- a. The existing conditions must pose a serious and immediate threat to the health or welfare of the community;
- b. The existing conditions are of recent origin or recently became urgent (generally, within the past 18 months);
- c. The recipient is unable to finance the activity on its own; and
- d. Other sources of funding are not available.

Eligible Activities The following list includes the types of activities that can be funded as part of the CDBG Program; provided that, the activity falls into one of the three eligible categories described above. This list is not all-inclusive. Refer to the regulations on eligible and ineligible activities (24 CFR 570 Subpart C).

1. Public Facilities and Improvements: Acquisition, construction, reconstruction, rehabilitation or installation of the following:
 - a. Water System Improvements – Acquisition of private systems, installation of new systems, extensions to unserved areas and improvements to existing systems.

- b. Sewer System Improvements – Extensions to unsewered areas, replacement of existing lines, connections of private properties, and improvements to sewer treatment plants.
 - c. Street & Drainage Improvements – Drainage basins & lines, streets, curbs, gutters, sidewalks, lights, bridges, and canal undergrounding.
 - d. Fire Protection Improvements – Fire stations, hydrants, and fire protection equipment.
 - e. Neighborhood Facilities – single or multi-purpose facilities to provide health, social, recreational, or similar services as well as branch libraries and facilities for specific groups, such as senior citizens and the handicapped.
 - f. Parks & Recreation Facilities – site acquisition, development and improvements to new and existing parks, playgrounds and other recreational facilities.
 - g. Solid Waste Facilities & Equipment.
 - h. Conversion of schools for eligible purposes.
2. Economic Development: Improvements to business districts, business expansion, job creation and retention, industrial development and predevelopment planning can occur through off- or on-site public works improvements, and low-interest business loans for rehabilitation, improvement or new construction.
 3. Public Services: Such as health care and substance abuse services, child care, crime prevention, recreational services, job training and employment services.
 4. Housing: Rehabilitation of residential and non-residential structures, Section 8 substantial rehabilitation, new construction subsidies for off-site improvements, code enforcement, and predevelopment planning.
 5. Removal of Architectural Barriers: Removal of architectural barriers that restrict the mobility and accessibility of elderly or handicapped persons such as curb cuts, park improvements, and improvements to public buildings to meet ADA requirements.
 6. Historic Preservation.
 7. Energy Conservation Measures and Renewable Energy Resources.

Ineligible Activities Certain types of projects are ineligible for assistance from the CDBG program. The following types of activities are generally ineligible:

1. Construction of or improvements to general government buildings: Civic buildings such as city halls, courthouses, and police stations.
2. Operating – Maintenance Expenses: Routine operation, maintenance, and repair activities for public facilities and services.
3. Assistance to churches or church-affiliated organizations is not eligible unless a clear separation of purpose, mission, and organizational relationship can be established between the church and the project.
4. Any costs already incurred by an organization prior to receiving a signed agreement from the County.

5. Purchase of Equipment (except for fire and solid waste): Furnishings and personal property.
6. New Housing Construction.

Priorities for Kauai County The prioritization of federal funds for housing and special needs housing, homeless services and facilities, public services, public facilities improvements, and economic development can be found in the County of Kaua'i Consolidated Plan 2015-2020. The following are priorities for use of CDBG funds:

1. Public Services. CDBG funds may be expended to provide public services (including labor, supplies and materials) directed toward improving the community's public services and facilities, including those concerned with employment, homeless supportive services and prevention, crime prevention, child care, health, drug abuse, education, welfare or recreational needs, and are directed toward coordinating public and private development programs. To be awarded CDBG funds, a public service must either be a new service or, for an existing service, there must be a quantifiable increase in the level of service. A public service project which was funded in the preceding program year may be eligible to receive continued funding at the same or lesser level in the subsequent program year. (Limited to 15% of current grant year funding plus 15% of the total program income received in the preceding year.)
2. Economic Development. Economic development projects and activities are those directed toward (a) the alleviation of physical and economic distress, (b) expanding economic opportunities for low and moderate income persons, and handicapped persons, and (c) which are necessary and appropriate to implement the County's strategy for economic development. Economic development programs shall support businesses located in lower income areas and which employ lower income residents of the area; or provide support service facilities which allow lower income persons to prepare for, obtain, and retain gainful employment. Economic development project awards to for-profit applicants must be short-term loans of up to five years and with a three percent (3%) interest rate. Economic development awards to non-profit or government applicants may be grants.
3. Housing. CDBG funds may be utilized for programs and projects that increase or support the increase in the housing inventory for lower income families and individuals. These programs and projects shall support the General Plan policies, especially as they relate to housing, support current housing needs assessment studies, and support the area development plans. The projects may include: rehabilitation, land acquisition, infrastructure improvements, architectural service, demolition and clearance activities, and other eligible activities in support of new housing construction and/or provide direct homeownership assistance to low and moderate income households.
4. Public Facilities. Public facilities and improvements may include the acquisition, construction, and rehabilitation of certain publicly and privately owned facilities that principally benefit low and moderate income persons. CDBG funds may be used by the County or other public or private nonprofit entity for public improvements or facilities, provided such improvements or facilities meet the national objectives of the CDBG program. Such facilities include but are not limited to, fire protection facilities and equipment; shelters for the homeless; convalescent homes; hospitals; nursing homes; battered spouse shelters; halfway houses for run-away children; group homes for developmentally disabled citizens and temporary housing for disaster

victims. Preference shall be given to public facilities projects which are directed to increasing the level of compliance to the requirements of the American with Disabilities Act.

Construction projects are highly encouraged to erect a project sign; this cost can be included in your application budget.

Selection Process/Scoring Criteria Kauai County Housing Agency will review, evaluate and score each application. The total maximum score possible is 1,000 points. The minimum score of 600 points will be the threshold a proposal must pass to be considered for funding. Scoring is based on the following categories:

- Proposal concept – (375 points)
Results to be achieved; project feasibility/identified needs; benefit to community - meets a high or medium priority need identified in the Consolidated Plan; low/moderate compliance; minority impact; female head-of-household impact; income group targeting; neighborhood, community and/or government support or opposition.
- Project readiness - (325 points)
Project schedule; site control; environmental concerns; project team/coordinator; project plans, process, and status; likelihood for problems to delay implementation and completion.
- Financing - (130 points)
Project budget; other resources/commitments; grant vs. loans/loan terms.
- Experience and qualifications – (90 points)
Experience, including project management capabilities; qualifications of the applicant organization and staff to deliver proposed services; past performance of the organization.
- Completeness and documentation - (80 points)
Completeness of application and supporting documents.

KCHA estimates that 14 working days will be required to evaluate the applications. During the evaluation period, applicants may be requested to make oral presentations. KCHA expects to recommend projects to the Mayor for funding on or about February 5, 2016. The Mayor will then make the final selection of projects for funding.

A One-Year Action Plan (AP), which includes housing and community development needs, priorities and proposed projects will be submitted to the County Council for comment and submitted to HUD for approval. The selected 2016 CDBG projects will be part of the 2016 Action Plan for Kauai. Proposed projects should be able to start after the County receives approval of the AP from HUD in July 2016. Applicants will have 30 days to execute an agreement with the County and projects can begin soon thereafter. In general, the County expects projects to be completed within one year. Construction projects may be allowed up to eighteen (18) months for completion.

Contractual Requirements Under County and Federal laws and regulations, certain requirements must be met in order to negotiate an agreement and disburse funds. These requirements include the following:

1. Except for economic development projects and certain types of housing projects, applicants must demonstrate that they are a private, non-profit or governmental agency. If non-profit, they must be incorporated under state law and have/or have applied for 501(c)(3) status.
2. When CDBG funds become available from HUD, an agreement will be prepared and sent by the County to the person identified by the applicant as the authorized official for signature. The agreement will specify the amount of the award, the period for which the project is approved, duration dates, and administrative provisions. Special conditions attached to the award will be specified in the agreement.

Certain reports, such as expenditures, progress toward goals, and beneficiaries served will be required. Subrecipients will be required to categorize beneficiaries by HUD's race categories and simultaneously by Hispanic ethnicity. Forms for these reports will be provided. Appropriate project/organization staff will be required to attend an informational meeting regarding these requirements.

3. Before entering into a contract with the County, a State of Hawaii and Federal Internal Revenue Service tax clearance must be obtained for contracts. In addition, as a pre-requisite to contract a Certificate of Compliance from the Department of Labor and Industrial Relations, and a Certificate of Good Standing from the Department of Commerce and Consumer Affairs may be required.
4. Adequate insurance covering commercial general liability, and if applicable, automobile liability, will be required. Information about the current minimum requirements is available for your reference.
5. As part of any grant agreement, compliance with the above requirements must be followed. In the event of non-compliance with any of the above requirements, the agreement may be terminated or suspended in whole or in part.

Other Program Requirements

1. Fair Housing and Equal Opportunity: Discrimination on the basis of race, color, national origin, religion, or sex is prohibited.
2. Handicapped accessibility: Generally, federally-assisted buildings and facilities must be accessible. The Disability and Communication Access Board, to ensure compliance with the Americans with Disabilities Act, must review construction plans. A packet of relevant forms and a fact sheet is available for your reference.
Design and construction shall also be in conformance with Uniform Federal Accessibility Standards (UFAS).
3. Employment and contracting: Subrecipients shall not discriminate in employment and must make efforts to provide training and employment opportunities to low-income residents.

4. Environmental review: Must comply with Environmental Review Procedures in accordance with 24 CFR Part 58 (Federal) and Hawaii Revised Statutes 343 (State).
5. Flood plains: CDBG funds will not be provided in areas designated by the Federal Emergency Management Agency (FEMA) to be 100 year floodplains unless the proposed action is processed under 24 CFR 55.20.
6. Lead-based paint: CDBG rehabilitation and construction activities must comply with 24 CFR 570.608, as amended, and 24 CFR Part 35, as amended, and Section 401(b) of the Lead-Based Paint Poisoning Prevention Act. All pre-1978 housing structures must be tested for lead-based paint, unless a surface is assumed to contain lead-based paint.
7. Labor Standards: Construction activities must comply with all Labor Standards Provisions (29 CFR Part 5), including the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act, and the Copeland Act (Anti-Kickback Act).
8. Debarred, suspended, and ineligible contractors and subrecipients: CDBG funds cannot be provided to debarred, suspended or ineligible contractors, subcontractors or subrecipients.
9. Conflict-of-interest: Subrecipients must comply with procurement requirements found at 24 CFR 85.36, as amended (state and local governments), and 84.42, as amended (non-profits), and with any other applicable conflict-of-interest provisions.
10. Acquisition and relocation: Acquisition, rehabilitation, and/or demolition activities may be covered by the Uniform Relocation Act and/or Section 104(d) of the Housing Community Development Act.
11. Use of real property assisted with CDBG funds: Subrecipients must comply with use and property management standards as set forth in 24 CFR 84.30-84.37 and 24 CFR 570.505, as amended and the Housing Agency's policy relating to real property standards and the use of real property. The Housing Agency's real property policy is available for your reference.

Other points to consider when applying for CDBG funds

1. Public information hearings

There will be at least two public information hearings held by the County.

2. Pre-application pointers

- If salaries are included in the budget, you may need to estimate for fringe benefits. Personnel costs may not exceed 20% of CDBG award.
- Bidding procedures must be followed for purchases of goods and services.
- Environmental Assessments (EA) may be necessary for certain projects. If one is

required for your project, it is recommended that the party responsible for completion of the EA be identified early.

- If an Environmental Impact Statement (EIS) is necessary, the project will not be selected for current funding because the EIS process takes about 2 years.
- Funds will not be granted to fund a loan pool. Projects may propose to underwrite loans for the County who will issue and service the loans.

3. Federal projects require more money.

Because of the CDBG rules and federal requirements, the project may need more funds than anticipated. This should be considered in completing your budget.

4. Construction projects

- The general or prime contractor will be responsible for all subcontractors.
- Employees must be paid no less than the current federal wages.
- All Labor Standards Provisions will apply (29 CFR Part 5; 24 570.603).
- Approval by the Disability and Communication Access Board must be received by KCHA before any construction funds can be released.
- A project sign acknowledging HUD's contribution is highly encouraged to be displayed at the project site. Specifications for the sign are available for your reference.

5. Timeliness Requirements

HUD requires the County to meet a timeliness standard for the expenditure of CDBG program funds. In an effort to be in compliance, projects which will expend a good amount (65% - 75%) of its project funds by March 31, 2017 will earn more points in the selection process.